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SUBJECT: COLOMBIA PUSHES FORWARD WITH AMBITIOUS TRADE AGENDA

REF: BOGOTA 3261; BOGOTA 1515; BOGOTA 1499; BOGOTA 15

11. (U) SUMMARY. The Government of Colombia continues to make progress toward its goal of having nine free trade agreements (FTAs) with 45 countries in place by 2010. While not all nine are likely to be in force by next year, Colombia is already looking to other trade partners in the Hemisphere as well as Asia for additional FTAs. Colombia's trade agenda, which includes the U.S.-Colombia Trade Promotion Agreement (U.S.-CTPA), is a long-term strategy focused on diversifying its export markets and inserting itself into the global supply chain. END SUMMARY.

URIBE'S GOAL: 9 FTAs WITH 45 COUNTRIES BY 2010

12. (U) When President Alvaro Uribe came to power in 2002, Colombia had only two free trade agreements with five countries. Through the Andean Community of Nations (CAN), Colombia enjoyed the benefits of free trade with Bolivia, Ecuador, Peru and Venezuela. The G-3 was essentially a limited FTA among Colombia, Venezuela and Mexico. Venezuela has since withdrawn from both agreements. In 2005, the CAN's trade agreement with Mercosur entered into force, adding four more countries to Colombia's list of free trade partners.

2009: CHILE AND CENTRAL AMERICA FTAs ENTER INTO FORCE

13. (SBU) Colombia's FTA with Chile entered into force in May 2009 and offers all the protections and benefits of a state-of-the-art agreement (Ref C). According to Colombian Trade Ministry's Director of Economic Integration Alfredo Ramos, Colombia's FTA with Central America's Northern Triangle will enter into force on November 12 with Guatemala and El Salvador, and as soon as possible thereafter with Honduras, given its current political crisis.

PROGRESS, BUT POSSIBLE SNAGS, WITH CANADA, EFTA

¶4. (SBU) Colombia signed FTAs with Canada and with the European Free Trade Association (EFTA) countries (Switzerland, Norway, Iceland and Liechtenstein) in November 2008. The Colombian Congress approved the FTA with Canada in August 2009, and the Agreement is currently awaiting the approval of Colombia's Constitutional Court (approximately a 6-month process). However, on the Canadian side, resistance from NGOs and opposition parties, ostensibly on labor and human rights grounds, has complicated the minority government's plan to hold a vote. According to Commercial Officer Edsel Aytona of the Canadian Embassy in Bogota, as Canadians debate their own FTA with Colombia, they are watching closely the political process surrounding the U.S.-CTPA.

¶5. (SBU) Colombia's FTA with EFTA is written such that it can enter into force with member-states on separate timetables, depending on when each country is ready. Switzerland and Liechtenstein have already ratified the Agreement. The Colombian Senate has approved the FTA in Committee, but the Agreement has yet to go to full votes in either chamber or be presented to the

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Constitutional Court. Swiss Deputy Chief of Mission in Bogota Francesco Quattrini told us there had been only limited NGO opposition to the FTA in Switzerland in the days before the legislative vote, and emphasized what he considered Switzerland's pragmatic approach to the Agreement, saying, "We tend to focus mainly on the commercial benefits of FTAs." Norwegian Ambassador to Colombia Vibeke Knudsen told us that a legislative vote in Norway has so far been delayed and that her embassy has been called on to help counter increasingly vocal opposition to the FTA from Norwegian organized labor and NGOs.

NEW FTA WITH MEXICO COULD SOFTEN BLOW FROM VENEZUELA

¶6. (SBU) In August 2009, Colombia and Mexico closed negotiations on a new FTA, which expands and updates commitments made as part of the G-3 agreement in the mid-1990s. While the agreement does not include ethanol, as Colombia had hoped, it greatly expands Colombia's access to Mexico's market for agricultural products. The GOC sees the FTA as a tool to help reduce Colombia's \$2.4 billion trade deficit with Mexico and provide a market for exports that previously went to Venezuela before its recent imposition of trade restrictions. According to Ramos, certain provisions of the Colombia-Mexico FTA, such as those benefitting Colombian dairy products can be implemented provisionally, before the Agreement is signed or ratified, thereby providing immediate relief to sectors hit by the precipitous drop in trade with Venezuela. Ramos did not speculate when the Agreement would be signed.

NEGOTIATIONS ONGOING WITH EU

¶7. (U) Bogota will host the seventh round of negotiations between Colombia, Peru and the European Union the week of November 16. Negotiators had hoped to close negotiations in the summer of 2009 (Ref B). Peruvian officials have said publicly the November round will be the last one. GOC officials remain more guarded in their optimism, acknowledging that "the last five percent of a

negotiation is by definition the hardest five percent." Bananas, beef, sugar and tropical products are still outstanding issues on which Colombia is seeking resolution, while dairy, pork, spirits and automobiles top the EU's list of pending issues.

LOOKING BEYOND THE NINE FTAs

18. (SBU) While not all nine FTAs are likely to be in force by 2010, Colombia is already looking to other trade partners to see how it can expand its free trade agenda. At the top of this list is Panama. Both are examining how they can use their pending FTAs with the U.S. as a basis for a bilateral Agreement. According to Ramos, FTA negotiations with Panama could begin as soon as Colombia implements the necessary changes to come into compliance with a WTO ruling in favor of Panama, against Colombia, so as to first put that bilateral irritant behind them. The Dominican Republic and Uruguay are other countries of interest to Colombia, though probably for something less than a full FTA. The GOC has announced its intention to open an Embassy in Abu Dhabi and hopes that a trade agreement with the United Arab Emirates will follow soon thereafter. Colombia has an aggressive trade and investment strategy aimed at Asia, which will be reported septel. FTA negotiations with South Korea are expected to begin in 2010.

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COMMENT: AMBITIOUS TRADE AGENDA WITH EYE TOWARD U.S.

19. (SBU) Colombia's ambitious trade agenda goes beyond diversifying its exports away from erratic markets like Venezuela and Ecuador. It is a concerted effort to insert Colombia into the global supply chain and solidify its status as a secure destination for foreign investment. The GOC is moving forward with its other trade partners irrespective of action on the most important piece of its trade agenda, the U.S.-CTPA. U.S. exporters, such as the U.S. Wheat Associates, have expressed concern that Colombia's FTAs with other countries will cut into U.S. companies' market share. Senior GOC trade officials have said privately they hope the U.S. takes notice of Colombia's actions vis-C -vis other countries as a way of showing Colombia's commitment to free trade, including with the U.S.

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